FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BLACKSTONE GAS COMPANY
D.T.E. 03-73

Question:

DTE 1-1 Refer to page 4 of the Plan. Please give a detailed explanation of how the Company arrived at the monthly base use for its customers.

Response: For each rate class the usage in July and August is summed. The sum is then divided by two to arrive at the monthly base use.

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BLACKSTONE GAS COMPANY
D.T.E. 03-73

Question:

DTE 1-2 Refer to page 5 of Blackstone Gas Company's 2003 Integrated Resource Plan ("Plan"). The Company states that it used weather data collected at the West Medway Station. Please provide the following information:

a. Is the station private or government owned?
b. If privately owned, please name the owner.
c. Is the station maintained on a regular basis?
d. Have there been any problems with mechanical equipment recently? Also, have there been any problems with the actual measurement reporting?
e. If so, please send documentation.

Response:

The organization that provided the weather data, the Northeast Regional Climate Center, advised the Company that the National Weather Service owns and maintains the West Medway weather station. The Company does not know the maintenance or operating history of the station.

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BLACKSTONE GAS COMPANY
D.T.E. 03-73

Question:

DTE 1-3 Refer to page 6 of the Plan. The Company has decided to use a 71 HDD standard for its peak day requirement. Please explain in detail how this figure was derived.

Response: For each year of the 33 year data set the day with the highest degree days was identified. The mean and standard deviation of these 33 observations was calculated. The observations were assumed to be normally distributed so based on the mean and standard deviation, a 1 in 30 probability of occurrence (3.33%) yields 71 degree days.

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BLACKSTONE GAS COMPANY
D.T.E. 03-73

Question:

DTE 1-4 Refer to page 9 of the Plan. Identify the driving forces behind the 0.27% annual increase in commercial customer consumption.

Response: The Company has not attempted to identify the reasons behind the 0.27% increase in the use per customer for the commercial rate class. However, generally the driving force behind increases in use per customer is increased economic activity. When individuals and businesses have more money they buy bigger houses and offices, buy more appliances and other gas consuming equipment.

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BLACKSTONE GAS COMPANY
D.T.E. 03-73

Question:

DTE 1-5 Refer to page 11 of the Plan:

(a) Which customer inquired about transportation service?
(b) When did this inquiry occur?
(c) Specifically, what rate information was given to the customer?
(d) What was the difference between the customer's costs of sales service and the transportation service?

Response: (a) (b) An energy consultant acting as agent for a small independent supermarket contacted the Company in the Fall of 2002.

(c) The agent was given the Terms and Conditions for Transportation and the initial CGAC Filing with the Department for the Winter period, November 1, 2002 – April 30, 2003. The Company advised the agent that the Company had no capacity to assign and that the customer should compare the Company CGAC with the customers cost of gas delivered to the city-gate. The Company has no knowledge of the customer's cost, but the customer elected to remain a sales customer. Subsequently, this customer closed the store in Blackstone.

(d) The Company's base rates are unbundled so the only difference in charges between a sales customer and a transportation customer is the cost of gas. The base rate component is the same.

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BLACKSTONE GAS COMPANY
D.T.E. 03-73

Question:

DTE 1-6 Referring to page 11 of the Plan, please explain in detail the phrase "the Company does not pay demand charges as all transportation charges are volumetric."

Response: The Company receives interstate pipeline transportation service under Tennessee Gas Pipeline's FT-GS tariff. All the transportation charges under this rate tariff are billed through volumetric rates. There is no demand charge component under rate FT-GS.

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BLACKSTONE GAS COMPANY
D.T.E. 03-73

Question:

DTE 1-7 Refer to pages 11-12 of the Plan and the two-tier contract with Duke Energy that expires in 2005.

a. What actions has the Company taken to assure a least-cost supply of natural gas when the Duke Energy contract expires?

b. In the Company's last RFP, were there other parties that expressed interest in a supply contract with the Company? If yes, please list the names of these parties.

c. Does the Company expect the same level of interest to be shown during an RFP process that would occur upon expiration of the contract?

Response: a. The Company has not as yet taken any steps to obtain supplies after the expiration of the current Duke Energy contract on October 31,2005. As stated on page 13 of the Plan, the Company will evaluate its supply options during the summer of 2004.

b. The Company received one other response to its previous RFP from AGF Direct Gas Sales and Servicing.

c. The Company is unable to gauge the level of interest in an RFP at this time. A number of factors will dictate supplier interest, including national economic activity and the condition of the energy marketing industry.

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BLACKSTONE GAS COMPANY
D.T.E. 03-73

Question:

DTE 1-8 Referring to page 13 of the Plan, please state why the Company would not issue an RFP upon expiration of the current Duke Energy contract which expires in 2005.

Response: The Company has neither decided on a course of action nor ruled out any possible options at this time. Issuing an RFP is still among the options open to the Company.

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BLACKSTONE GAS COMPANY
D.T.E. 03-73

Question:

DTE 1-9 Referring to page 13, please indicate when the Duke Energy contract will be finalized and when the Company will submit it to the Department.

Response: The Company is not in contract negotiations with Duke Energy at this time. The Company's statement on page 13 is meant to indicate that well before the expiration of the current supply contract the Company will submit, for Department review, a new contract to replace the expiring Duke Energy contract.

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BLACKSTONE GAS COMPANY
D.T.E. 03-73

Question:

DTE 1-10 Refer to the cover letter accompanying the Company's Cost of Gas Adjustment Clause Reconciliation filing on September 19, 2003. The Company refers to billing problems with the Company's supplier, Duke Energy.

a. Do any current problems exist with supply metering?

b. If problems currently exist, what is the Company's plan of action to address these problems?

c. Was the previous metering problem accounting discrepancy fully corrected? If so, please discuss how the issue was resolved. If not, please discuss the major points of disagreement.

Response: a. Yes. The meter owned by Tennessee Gas Pipeline at the gate-station is not currently reading correctly. This was discovered by the Company for the May 2003 billing period.

b. The Company contacted Tennessee Gas Pipeline Company in June. The meter is in the process of being replaced at this time. Pending replacement of the meter Tennessee has agreed to use Blackstone monthly sales units plus losses as the metered amount at the gate-station for billing purposes.

c. The prior metering problem was corrected by installation of a new meter. However, that meter failed in May 2003.

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BLACKSTONE GAS COMPANY
D.T.E. 03-73

Question:

DTE 1-11 Referring to Table G-5 (actual peak sendout) of the Plan, explain why the 1998 data has not been submitted. If available, please submit the data.

Response: Peak data for 1998 was not submitted because it does not exist. The Company did not have a meter with daily metering capabilities installed in the gate-station in 1998.